

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7832

BILL NUMBER: SB 456

DATE PREPARED: Jan 12, 2001

BILL AMENDED:

SUBJECT: Mandatory Use of Gasohol in State Vehicles.

FISCAL ANALYST: James Sperlik

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FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: This bill requires state vehicles that are capable of using gasoline blended with agriculturally derived ethyl alcohol (gasohol) to be fueled exclusively with gasohol. It exempts certain vehicles from the gasohol requirement.

Effective Date: July 1, 2001.

Explanation of State Expenditures: The Department of Administration (Motor Pool Division) has 603 vehicles, all of which are capable of using gasohol as required by this proposal. In addition, the state owns and operates a total of approximately 10,000 vehicles. Included within the 10,000 vehicles are the Department of Transportation dump trucks, State Police cars, and all types of vehicles including light-duty, medium-duty, and heavy-duty trucks and equipment. It is unclear how many of the 10,000 state-owned and operated vehicles are capable of using gasohol. The retail price for gasoline and gasohol are very similar. Consequently, state fuel costs are not expected to be significantly different due to these provisions.

Explanation of State Revenues: The federal tax on gasoline is 18.4 cents per gallon, while the federal tax on gasohol is 13 cents per gallon. Indiana is a donor state with respect to federal fuel taxes (i.e., Indiana receives less from the federal gas tax than Indiana sends to Washington, D.C.). For every dollar that Indiana sends to Washington, Indiana receives approximately 91 cents in return. With the use of more gasohol and a lower tax rate, Indiana is likely to receive less in return from the federal government per gallon of fuel.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Transportation and all agencies using gasohol.

Local Agencies Affected:

Information Sources: Jay McQueen, Deputy Commissioner of the Department of Administration, 232-7636; Tien Nguyen, Office of Fuels Development, U.S. Department of Energy, 202-586-7387.